

LEGISLATIVE AUDIT COMMISSION



Review of
Human Rights Commission
Two Years Ended June 30, 2003

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REVIEW: 4207
HUMAN RIGHTS COMMISSION
TWO YEARS ENDED JUNE 30, 2003

FINDINGS/RECOMMENDATIONS - 5

ACCEPTED - 5

REPEATED RECOMMENDATIONS - 1

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 4

This review summarizes an audit of the State of Illinois Human Rights Commission for the two years ended June 30, 2003, filed with the Legislative Audit Commission February 26, 2004. The auditors performed a compliance audit in accordance with State law and Government Auditing Standards.

The Human Rights Commission was created in 1980 as a quasi-judicial agency to hear and decide complaints of civil rights violations on charges filed originally with the Department of Human Rights. Meeting in three-member panels, the Commission issues orders and decisions on the recommendation of its staff administrative law judges, decides requests for review of dismissals or defaults issued by the Department of Human Rights, and approves settlements agreed upon by the parties to a case. Appendix A shows the number of cases referred to the Human Rights Commission and the number of cases completed during FY03, FY02, and FY01. As of June 30, 2003 the Commission had 695 cases outstanding.

The Commission is directed by 13 Commissioners appointed by the Governor with the advice and consent of the Senate. The Commissioners serve terms of four years each and receive a salary and are reimbursed for expenses. The Commission had three different Executive Directors during the audit period. The current Executive Director, James Sledge, was appointed in May 2003. Prior to being appointed Executive Director, Mr. Sledge had no previous association with the Commission.

The table below shows the average number of Commission employees at the end of the fiscal years indicated:

	FY03	FY02	FY01
Total	18.50	19.50	18.75
Average Number of Administrative Law Judges	7.0	7.0	6.4

Expenditures From Appropriations

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The General Assembly appropriated a total of \$1,452,600 in General Revenue Funds to the Commission in FY03. Total expenditures have fluctuated slightly from \$1,351,084 in FY01, to \$1,332,623 in FY02, to \$1,346,630 in FY03. Appendix B summarizes these appropriations and expenditures for the period under review.

Lapse period expenditures were 5.2% in FY03 and 5.3% in FY02.

Property and Equipment

Appendix C presents a summary of property and equipment transactions during the period under review. Property and equipment increased from \$336,338 as of July 1, 2001 to \$340,536 as of June 30, 2003, an increase of \$4,198, or 1.2%. The equipment schedule could not be reconciled to the Agency Report of State Property submitted to the Comptroller's Office because the listing did not contain acquisition dates and cost information.

Accountants' Findings and Recommendations

Condensed below are the five findings and recommendations presented in the audit report. Responses to the recommendations are classified based on information provided by Jack Pearce, Fiscal Officer, in the audit report.

Accepted

- 1. Conduct a thorough investigation to locate the original documentation to determine the historical cost of the fixed assets and implement controls to ensure the accurate reporting of State property. Additionally, reconcile the Agency Report of State Property (C-15) to the detailed property and equipment records.**

Findings: The Commission's property and equipment procedures were insufficient to ensure the proper accounting and safeguarding of State assets. The auditors noted the following:

- The property and equipment listing did not contain the acquisition date or cost for 429 out of 672 (64%) property items.
- Ending balances as reported on the Agency Report of State Property filed with the Comptroller could not be reconciled to the underlying detailed property and equipment records since the records did not contain cost information or additions or deletions.
- Five of 25 items tested were included on the detailed property and equipment listing; however, the Commission no longer maintained those items.

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- Two of 14 removed items were shown to be transferred but were not deleted from the detailed property and equipment listing.

State law requires responsible officers at each State agency to be accountable for the supervision, control and inventory of all property under their jurisdiction. Commission management stated that cost and acquisition date information is unavailable due to the original invoices being lost when the fiscal operations of the Commission were transferred from the Chicago office to the Springfield office.

Response: Accepted. The Commission did not have documentation on the acquisition value of property that it acquired from surplus. The Commission will work with the Illinois Department of Central Management Services and the Office of the Comptroller to establish the value of this property and a means of maintaining documentation for future surplus acquisitions.

2. Develop and implement controls to ensure timely reporting with the appropriate agencies.

Findings: The Commission did not timely file its administrative and financial reports as required. The auditors noted the following:

- One of 10 Statements of Economic Interests was filed 15 days late.
- The Certification of internal controls was filed with the Auditor General 92 days late in FY02 and 41 days late in FY03.
- The Quarterly Report of State Property was not timely filed with the Office of the Comptroller. The forms were filed one to 19 days late for each quarter.
- The Real Property Utilization Report was not filed by October 30, 2002 with CMS.
- The Compensated Absences Report was filed 27 days late for FY03.
- The Lease Information Report was filed six days late for FY03.

Response: Accepted. The Commission has implemented a report schedule calendar for this and all other required reports.

3. Revise policies and practices to ensure proper internal controls. (Repeated-2001)

Findings: The Commission lacked proper segregation of duties in approval and payment of vouchers, and in property control. The fiscal officer prepares and approves vouchers for payment and reconciles detailed records to the Comptroller reports. The fiscal officer is also the property control officer, and as such is taking physical inventories, processing vouchers, approving vouchers, and reporting property transfers.

Accepted - concluded

Commission management cited lack of staff and the size of the Commission as cause for the condition.

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Response: Accepted. The Commission has seventeen local staff and these duties were assigned to one person. The Commission has changed staff assignment to allow for segregation.

- 4. Implement policies and procedures to ensure reports are filed timely by creating a comprehensive due date monitoring system to advise staff, regardless of turnover, of significant filing deadlines.**

Findings: Three of four semi-annual Travel Headquarter Reports were not filed with the Legislative Audit Commission.

Response: Accepted. The Commission has implemented a report schedule calendar for this and all other required reports.

- 5. Notify the Office of the Comptroller immediately of the inactive federal fund. Implement procedures to review inactive funds on a regular basis and develop internal controls to ensure the proper accounting for and handling of inactive funds in the future.**

Findings: The Commission did not maintain sufficient internal controls over federal funds. A federal trust fund in the amount of \$30,284 had been inactive for over 18 months. State law mandates special funds in the State Treasury which have been inactive for 18 months or longer, should automatically be terminated and the balance remaining transferred by the Comptroller to GRF.

Response: Accepted. The Commission has asked the Office of the Comptroller to execute a return and clearance of our accounts.

Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property and to prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

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State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY03 and FY02, the Human Rights Commission did not file any affidavits for emergency purchases.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

In a report filed June 25, 2003, the Human Rights Commission indicated that no employees spent more than 50% of their work time at locations other than official headquarters.